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**United Nations Office for Project Services**

## **Midterm review of the UNOPS strategic plan, 2010-2013**

### **Quality and speed for sustainable results**

#### *Summary*

The UNOPS strategic plan, 2010-2013, endorsed by the Executive Board in its decision 2009/25, has, together with General Assembly resolution 65/176, clarified UNOPS mandate, purpose and role within the United Nations.

The midterm review of the strategic plan has offered an opportunity to take stock of experiences and assess the relevance of the strategic direction of UNOPS in the light of evolving global priorities and emerging policy frameworks. The analysis has been informed by extensive engagement with stakeholders and UNOPS personnel, as well as comprehensive stocktaking of both management and operational results achieved in the first half of the planning period against the targets set.

The review concludes that the mission, vision and values of UNOPS; and its contribution goals, management goals and cross-cutting concerns remain relevant. It recommends priorities for greater focus in the execution of UNOPS strategy over the next 15 months. This should facilitate investments that will guarantee further improvement in the quality and speed of UNOPS services to its partners.

In response to calls for greater focus and attention to sustainability, UNOPS proposes to concentrate *what* it contributes to partners' results on 'sustainable procurement', 'sustainable project management' and 'sustainable infrastructure'. Going forward, UNOPS will focus more sharply within each of these three delivery practices.

UNOPS will also focus more on *how* it adds value for its partners by organizing itself around three distinct service types: transactional services, implementation services, and advisory services. The implementation services have already been strengthened considerably, and good progress has been made with advisory and capacity development services in procurement and infrastructure. These efforts will continue during the remainder of the period. UNOPS is assessing the opportunities for expanding its transactional services, including common or shared services to the United Nations system; if there is sufficient demand for such services, this will be prioritized for additional attention.

The findings of the midterm review and the subsequent calibration of the strategic plan point towards future priorities of the organization. The road map for preparing the strategic plan, 2014-2017 will include extensive consultation with stakeholders over the next year, and close examination of performance against evolving global priorities and recommendations of the quadrennial comprehensive policy review. This should result in a strategic plan that ensures the continued relevance of UNOPS for many years to come, contributing quality and speed towards sustainable results for its partners.



*Elements of a decision*

The Executive Board may wish to: (a) take note of the significant contributions made by UNOPS to the operational results of the United Nations and its partners over the 2010-2011 biennium, and of the management results achieved in the same period; and (b) welcome the proposed focus for the execution of its strategic plan, 2010-2013.

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## I. Context of the midterm review

1. The end of 2011 marked the mid-point of the UNOPS strategic plan, 2010-2013. Over the biennium UNOPS has matured and become financially stable. UNOPS delivers better, more cost-effective projects and management services for its partners and is able to keep stakeholders better informed about its contributions to the peacebuilding, humanitarian and development objectives of the United Nations. To ensure its continued relevance UNOPS must be receptive to evolving global priorities and the changing needs of its partners. It must take stock of what has been achieved and learned, and identify how it can further enhance its contributions in order to add more value for its partners. This midterm review of the UNOPS strategic plan seeks to focus the execution of UNOPS strategy for the next 15 months and position the organization for the strategic plan, 2014-2017.

### A. The UNOPS strategic framework – identity and goals

2. The strategic plan, 2010-2013, builds on the lessons from the business strategy, 2007-2009, and aims to enhance the UNOPS contribution to partners' results. Due to the urgency at the time, the business strategy focused mainly on the UNOPS management goals. While UNOPS achieved significant results during that period, it became apparent that there was a need to further clarify its purpose and role in relation to partners in the United Nations system and beyond. The strategic plan, 2010-2013, articulates a framework clarifying the identity and goals of UNOPS:<sup>1</sup>

3. The UNOPS identity was articulated in its mission, vision and values:
  - (a) The *mission* is to expand the capacity of the United Nations system and its partners to implement peacebuilding, humanitarian and development operations that matter for people in need.
  - (b) The *vision* is to always satisfy partners with management services that meet world-class standards of quality, speed and cost-effectiveness.
  - (c) The *core values and principles* are:
    - (i) Accountability for results and efficient use of resources
    - (ii) Respect for national ownership and capacity
    - (iii) Harmonization within the United Nations and beyond
    - (iv) Service to others.
4. The strategic goals enable UNOPS to manage for results. They include:
  - (a) Four *contribution goals*, which reflect the areas in which UNOPS contributes to partners' results in fulfillment of its mission:
    - (i) Rebuilding peace and stability after conflict
    - (ii) Early recovery of communities affected by natural disasters
    - (iii) Ability of people to develop economies and obtain social services
    - (iv) Environmental sustainability and adaptation to climate change
  - (b) Four *management goals*, which provide direction for UNOPS to ensure its continued operational capacity, and realization of its vision:
    - (i) Recognized value
    - (ii) Process excellence
    - (iii) People excellence
    - (iv) Financial sustainability
  - (c) The strategic goals are complemented by three *cross-cutting concerns*, reflecting the integral nature of UNOPS values in its contributions to partners:
    - (i) Gender equality and the empowerment of women
    - (ii) National capacity development
    - (iii) Environmental sustainability

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<sup>1</sup> Annex I. *UNOPS strategic framework: identity and goals*

## **B. The UNOPS mandate reaffirmed**

5. UNOPS contributes by expanding the capacity of the United Nations system and its partners to implement peacebuilding, development and humanitarian operations that matter for people in need. In doing so, UNOPS is guided by the triennial comprehensive policy review and subsequent policy reviews performed by the General Assembly.

6. The UNOPS strategic plan, 2010-2013 (DP/2009/36), was endorsed through Executive Board decision 2009/25. The decision “reconfirmed the role of UNOPS as a central resource for the United Nations system in procurement and contracts management as well as in civil works and physical infrastructure development, including the related capacity development activities”. Furthermore, it recognized “the potential for value-adding contributions that UNOPS can make in providing efficient, cost-effective services to partners in the areas of project management, human resources, financial management and common/shared services.”

7. The range of UNOPS partners and the nature of its services were further clarified through Executive Board decision 2010/21. The decision welcomed the strengthening of strategic partnerships and UNOPS contributions to its partners’ results, and encouraged UNOPS “to further enhance engagements as a service provider to various actors in the development, humanitarian and peacekeeping arena, including the United Nations, governments, intergovernmental institutions, international and regional financial institutions, foundations, the private sector and non-governmental organizations.” Furthermore, the decision encouraged UNOPS “to continue efforts aimed to further integrate national capacity development in its operations.”

8. In December 2010, UNOPS mandate and governance arrangements as established through relevant Executive Board decisions were reaffirmed through General Assembly resolution 65/176. This completed the process of establishing UNOPS as a self-standing organization on equal terms with partners in the United Nations system.

9. In June 2012, the Executive Board, in its decision 2012/16, encouraged UNOPS “to further mainstream the national capacity agenda in the competency areas where UNOPS has a mandate and a recognized comparative advantage, namely, project management, infrastructure and procurement, including through the use of local resources.”

## **II. Evolving global priorities and emerging policy framework**

10. To ensure its relevance, UNOPS closely follows evolving global priorities and the emerging policy framework, particularly in relation to development effectiveness, including national ownership and capacities, and sustainability.

### **A. Sustainable development**

11. The outcome document of United Nations Conference on Sustainable Development (‘Rio+20’) acknowledges the need to further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their inter-linkages: “We recognize that poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development are the overarching objectives of, and essential requirements for sustainable development.”<sup>2</sup>

12. The document further recognizes “the importance and utility of a set of sustainable development goals,” to “address and incorporate in a balanced way all three dimensions of sustainable development ... and serve as a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole”. UNOPS is firmly committed to sustainable development, and will focus investments in the areas of its core mandate to strengthen its contributions to partners’ achievement of these objectives.

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<sup>2</sup>*The future we want*, Rio+20, 19 June 2012

## **B. Development effectiveness**

13. The outcome document of the Fourth High-level Forum on Aid Effectiveness recognizes “that we are united by a new partnership that is broader and more inclusive than ever before, founded on shared principles, common goals and differential commitments for effective international development”. A more coherent and efficient United Nations has an important role to play in this partnership.

14. Central to UNOPS is its commitment to United Nations coherence and contribution to its partners’ results aimed at improving people’s lives, the path towards which is chartered in the Millennium Development Goals and other internationally agreed goals. The ongoing preparation of the quadrennial comprehensive policy review represents an opportunity to assess the effectiveness, efficiency, coherence and impact of United Nations operational activities for development and enhance the policy framework in response to the evolving priorities for international development cooperation. UNOPS is following the process closely and will make the most of this opportunity to further develop its role in the United Nations system based on guidance from Member States.

## **C. National ownership and capacity**

15. While final numbers are yet to be published, it is expected that official development assistance will have dropped in real terms from 2010 to 2011, and growth below inflation is expected for the coming years. At the same time, many developing countries are graduating to ‘middle-income status’ and are eager to share their development experience. Developing countries have greater access to domestic funding, and three-quarters of the poor worldwide live in countries where aid counts for less than two per cent of gross national income.

16. In this context, the ability of a country to deploy its own resources, whether public or private, is of paramount importance. UNOPS will contribute to new kinds of partnerships; assisting countries at different levels of development as they aim to achieve economic, social and environmental objectives.

17. There are strong national capacities in most developing countries. UNOPS will help strengthen such capacities within the core areas of its mandate, and offer services to fill remaining capacity gaps. UNOPS should be ready to help countries access and share the most relevant knowledge and to promote technology that supports sustainable development. UNOPS should initiate and support partnerships that help countries attain best-practice standards in infrastructure, project management and public procurement, including through South-South cooperation.

## **III. Operational results, 2010-2011**

### **A. The UNOPS portfolio, by contribution goal**

18. The four UNOPS contribution goals reflect the areas in which UNOPS contributes to partners’ results in fulfillment of its mission.

19. Over 2010 and 2011, goal one, rebuilding peace and stability after conflict, accounted for around 33 per cent of UNOPS work on behalf of partners; goal two, early recovery of communities affected by natural disasters, 4 per cent; goal three, the ability of people to develop local economies and obtain social services, 54 per cent; and goal four, environmental sustainability and adaptation to climate change, 9 per cent.

20. In 2011, UNOPS delivery in low-income countries and countries affected by conflict rose to \$512 million, or 48 per cent of total delivery, from \$490 million, or 39 per cent, in 2010. This increase is a testament to the confidence of partners in the ability of UNOPS to operate in the most challenging environments in order to reach people in need.

## **B. Highlights of contributions**

21. By assisting United Nations organizations, international financial institutions, governments and non-governmental organizations, UNOPS makes significant, tangible contributions to results on the ground.
22. UNOPS manages around 1,000 active projects every year, operating in more than 80 countries, often in the most challenging of environments. Over the 2010-2011 biennium UNOPS implemented \$2.33 billion worth of projects on behalf of its partners.
23. This included managing the construction or rehabilitation of 181 schools or training centres, 53,000 emergency shelters and sanitation facilities, 92 hospitals or health centres, 71 police stations, 30 courthouses and 125 other government administration buildings, as well as 19 harbours, 46 bridges and 4,500 kilometres of roads. UNOPS also supported the construction or upgrading of 25 United Nation buildings.
24. In projects where labour days could be measured, at least 15.6 million days of paid work were generated for local people.
25. More than 3.5 million pieces of machinery or equipment were procured for partners, and 175 million in non-pharmaceutical medical supplies and nearly one billion doses of medicine were procured or distributed. Almost 1.7 million people were assessed or treated for disease, and more than 1.3 million were reached with disease-prevention initiatives.
26. At any given point in the biennium UNOPS was administering or monitoring between 500 and 800 grants, in addition to about 4,000 UNDP-Global Environment Facility small grants in more than 120 countries.
27. UNOPS helped its partners develop local capacity by supporting the training of almost 614,000 people in subjects including health, elections and the environment, as well as organizing almost 900 training courses and workshops.
28. It organized 464 high-level conferences and events, and provided support to hundreds of government entities and thousands of local organizations.
29. UNOPS also helped partners implement mine action programmes in 14 countries around the world.

## **C. Cross-cutting concerns**

30. Throughout 2010-2011, UNOPS helped partners pursue cross-cutting concerns across all four contribution goals. In some cases those concerns were the main focus of the project, but in most they were integrated into a project with a different primary goal.
31. Thirty per cent of all the projects supported by UNOPS in 2010-2011 worked to improve gender equality and the empowerment of women. Many projects created jobs for women, often in traditionally male-dominated areas. For example a Swedish-funded project building roads in Afghanistan for the Government helped change local attitudes towards female employment.
32. Thirty-five per cent of the projects supported by UNOPS in 2010-2011 contributed to environmental sustainability in some way, mainly by ensuring the sustainable use of natural resources, incorporating sustainable building techniques or promoting renewable energy. Many projects also used environmental criteria during procurement processes, such as an insistence on fuel-efficient engines in a purchase of ambulances for the Government of Peru.
33. Fifty per cent of the projects supported by UNOPS in 2010-2011 contributed to developing national capacity, mainly by enhancing institutions or developing skills. For example, a World Bank-funded project assessing structural damage in post-earthquake Haiti included training local engineers in infrastructure damage assessments and helping the Ministry of Public Works create a stronger building code.

#### IV. UNOPS partners, 2010-2011

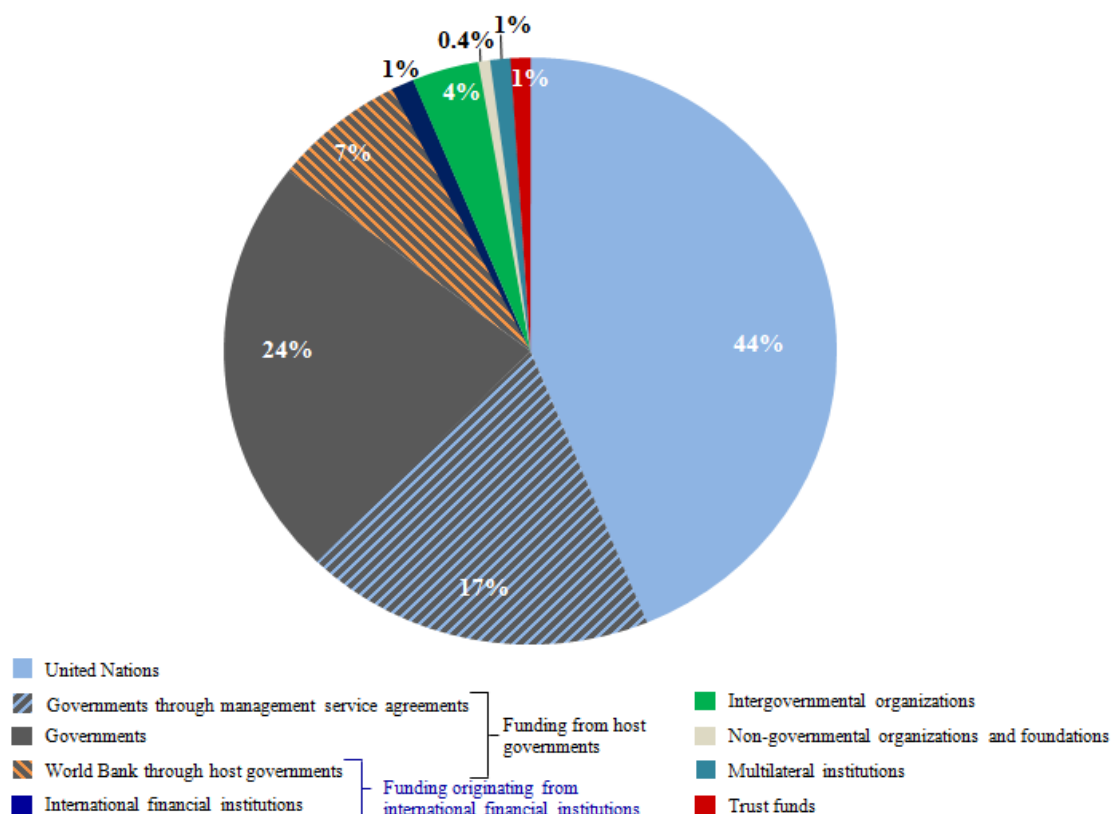
34. Over 2010 and 2011, 62 per cent of UNOPS project delivery was on behalf of the United Nations system, including management service agreements. UNDP was the largest partner of UNOPS, accounting for 34 per cent of its work. The Department of Peacekeeping Operations was the second largest, accounting for 14 per cent of implementation expenditure.

35. Total in-country support to governments, where the project was financed by the government of the country of delivery, including through management service agreements and World Bank loans, made up 48 per cent of total project delivery.

36. UNOPS continued its partnerships with international financial institutions, working with the World Bank on projects that implemented more than \$228 million-worth of project delivery over 2010 and 2011. That included projects for which the World Bank was a direct funder, was responsible for a multi-donor trust fund, or made loans to governments.

37. UNOPS strengthened its partnership with the European Union, implementing around \$78.5 million in projects in 2010-2011.

Figure 1. UNOPS delivery volume, by partner



## A. Partner survey

### *Rationale of the survey*

38. As part of the midterm review of the strategic plan, 2010-2013, UNOPS conducted the broadest consultation process in its history. All directors of project, country and regional offices, heads of clusters, implementation support practice leads and other headquarters personnel conducted face-to-face interviews with key stakeholders. The objective of the survey was twofold: to understand partners' needs and perceptions, and to provide a platform to increase dialogue and inform partners about UNOPS and its services.

### *Methodology*

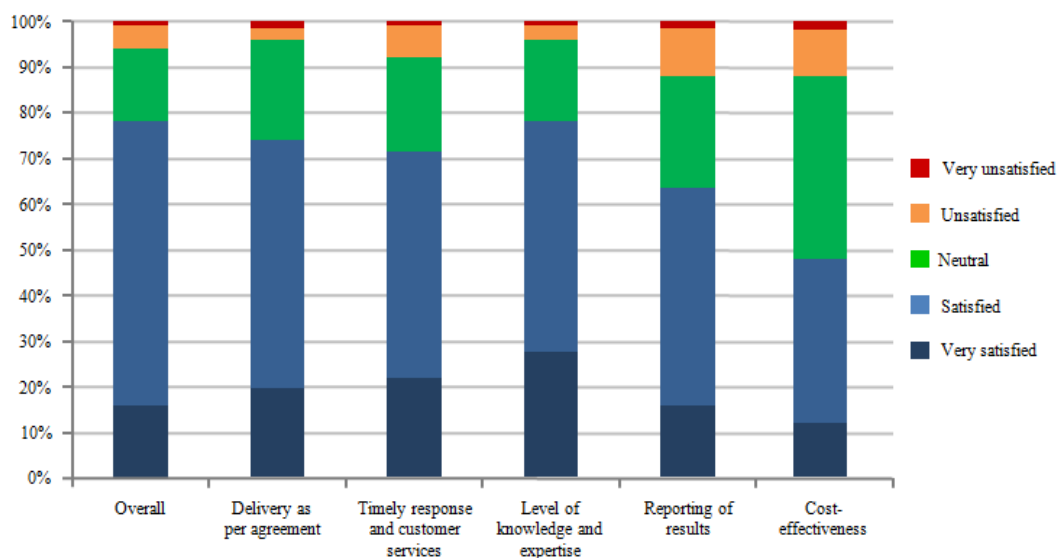
39. From February 2012 to April 2012, 361 interviews were conducted in 38 countries. Partners interviewed included United Nations organizations, governments, permanent missions and inter-governmental and multilateral organizations as well as non-governmental organizations and private sector entities. Current partners, past partners and potential partners were interviewed. Just under half – 173 interviews – were with representatives of other United Nations organizations, the second largest group being government representatives (116 interviews).

40. The majority of questions in the questionnaire were open-ended, while a few asked for quantitative responses to illustrate levels of satisfaction with different aspects of UNOPS services.

### *Main findings*

41. Overall, 78 per cent of respondents with previous experience of UNOPS said they were satisfied or very satisfied with the service provided by the organization<sup>3</sup>. Around 80 per cent of respondents said they were satisfied or very satisfied with the 'delivery as per agreement', timeliness and customer response and knowledge and expertise'. Partners were less satisfied with reporting of results, where those satisfied or very satisfied was around 60 per cent. Less than 50 per cent were satisfied or very satisfied with cost-effectiveness, with around 45 per cent giving a neutral answer (see figure 2, below).

**Figure 2. Partner satisfaction**



<sup>3</sup>Annex II. UNOPS partner survey, 2012



42. In the answers to the qualitative questions the most commonly perceived strengths of UNOPS were:

- (a) Technically experienced and dedicated personnel: UNOPS personnel are regarded as highly qualified in technical matters, dedicated, experienced, service-minded and professional. UNOPS is appreciated for its capacity to mobilize competent personnel to remote or high-risk environments;
- (b) The provision of high quality core services: partners are satisfied with the provision of services in project management, procurement, human resources management and financial management;
- (c) A flexible and non-bureaucratic United Nations organization: partners strongly appreciate UNOPS flexibility in implementation, especially as UNOPS services are aligned with United Nations procedures. Its neutrality and absence of a political agenda supported partners' goals;
- (d) The expeditious implementation and delivery of services: UNOPS is seen as focusing on timely delivery even in hard-to-reach or challenging environments; and
- (e) Service-mindedness and responsiveness to partner needs: UNOPS is seen as a 'client-friendly' partner who puts partners' needs first.

43. The answers to the qualitative questions show that most commonly perceived areas for the improvement of UNOPS were:

- (a) Reporting: partners want fuller, more frequent and less complicated reporting;
- (b) Clarity and consistency of pricing model: there is some confusion and misunderstanding in connection with the UNOPS pricing model;
- (c) Communication and outreach on mandate, capacity and experience: partners do not have a good idea of the UNOPS range of services, or how the organization can help partners in their work;
- (d) Coordination with other United Nations organizations: UNOPS should coordinate and clarify its relations with other United Nations organizations; and
- (e) Quality and retention of personnel: partners want consistent quality of personnel.

44. According to respondents, UNOPS is particularly able to add value in the areas of infrastructure, procurement, capacity development, and the provision of services in remote and insecure areas.

45. Of currently identified UNOPS focus areas, infrastructure is the best-known. Common requests for additional support within the focus areas include stronger capacity development components, enhanced outreach to communicate the focus areas to partners, and stronger community involvement. Sustainable and climate-resistant infrastructure and emergency/disaster response were mentioned as potential focus areas for UNOPS.

46. Of UNOPS transactional services, partners said they were most interested in procurement, followed by human resources management. A clear majority of the United Nations organizations interviewed already had their own internal processes and therefore did not consider using UNOPS for these services.

47. In general, partners had limited knowledge of UNOPS advisory services. However, governments expressed particular interest in advisory services to support capacity development in infrastructure and procurement.

## V. Management results, 2010-2011

### A. Highlights of management results

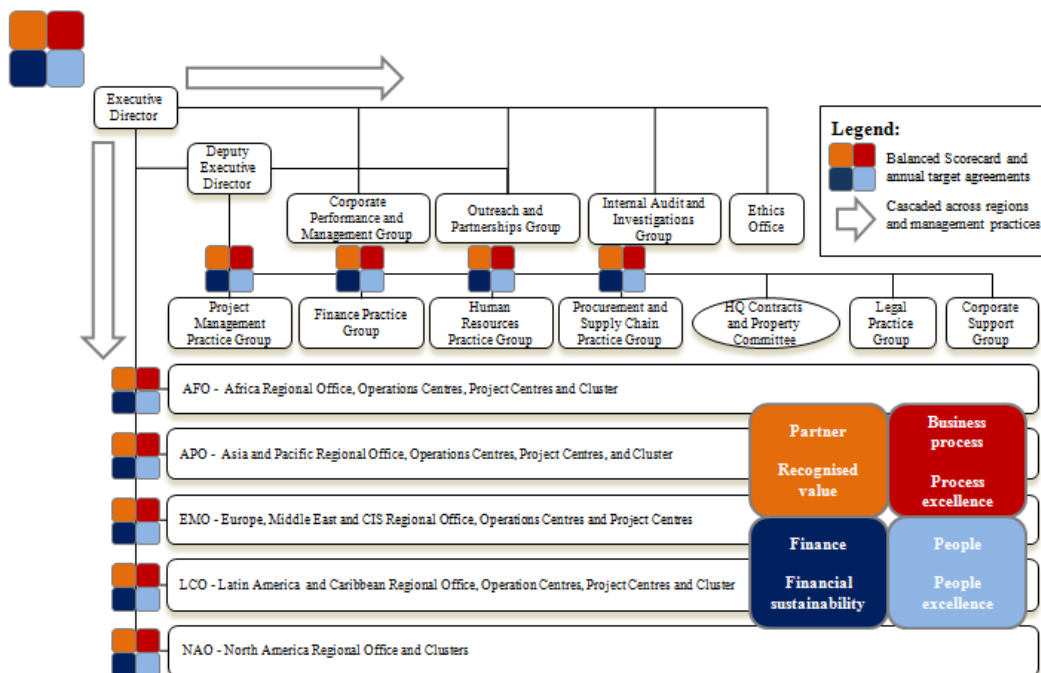
48. The UNOPS management goals provided direction for UNOPS to ensure its continued operational capacity and the realization of its vision. The results achieved indicate progress in the UNOPS effort to increase quality and speed in all its work.

#### *Driving balanced management results*

49. The UNOPS management goals are defined in the strategic plan, 2010-2013, and further refined in its budget estimates, 2010-2011 and 2012-2013. They reflect the four perspectives of the UNOPS 'balanced scorecard': partners, business process, people and finance. The scorecard is a core management tool used to drive performance and maturity at all levels of the organization. Thus, it is a central component of the UNOPS risk management systems. In 2012, each of the

UNOPS regions and management practices committed to annual targets covering all four perspectives of the balanced scorecard. To ensure the cost-effectiveness of management reporting, to the extent possible, performance is monitored based on data available in corporate systems.

**Figure 3. The achievement of management goals, measured across the organization**



50. As part of its midterm review, UNOPS conducted an assessment of the evolution of performance indicators over time, resulting in the establishment of 25 consolidated key performance indicators.<sup>4</sup> The indicators will henceforth be used as a basis for reporting on management results. A summary of management results in the past biennium is provided below.

*Recognized value: partner results*

**Figure 4. Partner perspective**



51. *Deliver world-class products and services adding sustainable value.* Overall partner satisfaction with UNOPS is high, at 78 per cent, but lower than the target. While the results suggest room for improvement, they also reflect the much more sophisticated and large-scale approach of the 2012 partner survey rather than the limited online survey used in establishing the 2008 baseline.

52. UNOPS has continued to devote efforts to expanding its knowledge partnerships. This includes working with the Chartered Institute of Purchasing and Supply to provide procurement qualifications to developing countries; with law firm DLA Piper to improve the legal agreements signed during construction projects; and with engineering and architecture firm Arup to offer development partners the best in design and architectural services.

<sup>4</sup>Annex III. Review of UNOPS management results

53. Other knowledge partnerships included working with United Nations organizations, non-governmental organizations and governments to develop knowledge on climate change, infrastructure and communities. These were shared more widely at United Nations conferences in Durban ('COP17') and Rio de Janeiro ('Rio+20'). Together with the United Nations Environment Programme, the International Labour Organization (ILO) and the International Training Centre of the ILO, UNOPS has also been one of the leading organizations in the development and launch of *Buying for a Better World*, the comprehensive sustainable procurement guide for United Nations-system procurers, in addition to releasing a sustainable infrastructure policy.

54. *Build sustainable partnership.* The value of new and extended partner agreements reached a record high in 2010, at \$1.81 billion. In 2011 the amount was \$1.45 billion, the same level as in 2009. Although UNOPS experienced a reduction in the volume of new and extended agreements from 2010 to 2011, the current level is deemed sufficient to sustain the organization.

55. *Communicate effectively and transparently.* In order to keep partners better informed about UNOPS activities, there was a focus on strengthening systems for reporting the results UNOPS helped create. This led to the creation of the partner centre and a range of other initiatives to promote transparency at all levels. UNOPS became a signatory of the International Aid Transparency Initiative in September 2011, has become a member of the steering committee and is active in technical group meetings. UNOPS published a comprehensive open data set in October 2011, and was the eighth organization to do so. In May 2012 UNOPS became the first signatory to add geo-coding to published data, allowing users to find the locations of project sites.

*Process excellence: business process results*

**Figure 5. Business process perspective**



56. *Improve process efficiency and effectiveness.* At the end of 2011, the UNOPS comprehensive policy framework comprised 33 organizational directives and 59 administrative instructions. From 2010 to 2011 UNOPS reduced the number of new organizational directives issued, focusing on consistent implementation of policy.

57. The average time taken for the financial closure of projects was reduced by 40 per cent, from 15 months in 2010 to nine months in 2011. The project monitoring and review process was improved during the biennium, and the project acceptance process strengthened.

58. *Comply with processes.* The implementation rate of accumulated internal audit recommendations increased from 71 per cent at the end of 2010 to 86 per cent at the end of 2011, while the number of internal audit recommendations unresolved for more than 18 months dropped from 82 in 2010 to seven in 2011.

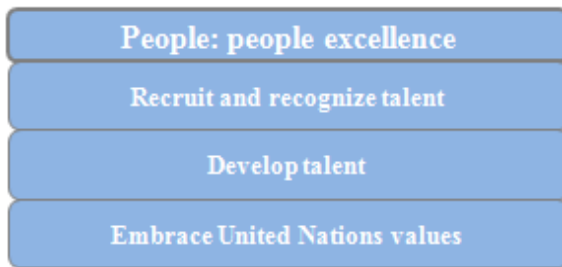
59. To further strengthen internal controls, in 2010 UNOPS issued a new organizational directive on delegation of authority and launched an online tool to facilitate the delegation process.

60. *Innovate.* UNOPS continued to measure itself against external benchmarks to ensure that its processes and systems were 'world-class'. As a result, in 2011 the UNOPS global quality management system was awarded the 'ISO 9001' certification of the International Organization for Standardization; and UNOPS attained the organizational certification of the Chartered Institute of Purchasing and Supply, becoming the first organization to undergo assessment in the field of sustainable procurement. Examples of other international standards and best practices introduced include: the International Professional Accounting Standard ('IPSAS') in finance; project management procedures derived from 'Prince2'; and the European Foundation for Quality Management for assessment of organizational maturity.

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*People excellence: people results*

**Figure 6. People perspective**



61. *Recruit and recognize talent.* Over the biennium, overall personnel satisfaction increased from 78 per cent in 2010 to 81 per cent in 2011. The implementation of policies, tools and systems to maintain that momentum will continue in the current biennium.

62. To attract, develop and retain talent, UNOPS established new policies on personnel performance management and recognitions, rewards and sanctions, and constructed a talent management framework. A global ‘e-recruitment’ and roster system was launched to improve the speed and quality of the recruitment process.

62. To attract, develop and retain talent, UNOPS established new policies on

63. In both years of the biennium, completion of the performance and results assessment was on time for 97 per cent of staff, and in 2012 an online tool replaced the paper-based system for performance management of individual contractors.

64. *Develop talent.* UNOPS relies on international standards and externally recognized best practices to certify its personnel. In 2011, 82 personnel participated in external procurement certification with the Chartered Institute of Purchasing and Supply and 42 with the Association of Chartered Certified Accountants, while 40 personnel achieved the Prince2 practitioner level. A human resources certification was introduced in partnership with Cornell University, with 43 personnel enrolled.

65. *Embrace United Nations values.* UNOPS dedication to integrity, professionalism and respect for diversity is reflected in all of its management goals. The importance of value-based management is also reflected in its ‘core values’ and ‘cross-cutting concerns’. An example of how UNOPS instils these values in the organizational culture is the UNOPS leadership charter – which was developed and endorsed at the global management meeting in 2010 – and in the theme of the global management meeting in 2011, which was ‘*Because our values matter*’.

66. At the end of 2011, the total UNOPS workforce, consisting of personnel who were either supervised by or had contracts managed by UNOPS, amounted to 6,202 personnel; of whom 910 were on staff contracts and 5,292 held individual contractor agreements. The gender balance for staff in the biennium was stable at 40 per cent women. UNOPS will continue its efforts to increase the recruitment and improve the retention of women.

*Financial sustainability: finance results*

**Figure 7. Finance perspective**



67. *Steward financial resources.* UNOPS has shown strong financial results for the biennium, exceeding the targets set by the Executive Board for both net revenue and operational reserves. However, revenue decreased from 2010 to 2011, mainly as a result of the decline in large-scale procurement projects in Peru and India.

68. *Ensure financial control.* The reduction in provisions for write-offs and the increased implementation rate of the recommendations of the United Nations Board of Auditors are seen as results of the financial clean-up, organizational maturity and enhanced process control.

69. *Invest for sustainability.* A growth and innovation fund was established by the Executive Director in 2010. During the biennium, such funding was used to invest in capacity in Haiti, to start up-post flood operations in Pakistan, and in support of innovations in products and services, such as the development of a new service line dealing with the climate-proofing of community infrastructure.

## B. Organizational maturity assessment

70. Continued pursuit of operational excellence is a central driver for UNOPS. In the context of the midterm review, UNOPS used an internationally recognized best practice – the excellence model of the European Foundation for Quality Management – to conduct a comprehensive self-assessment of its level of organizational maturity.<sup>5</sup> The model covers the following five areas: 1. Strategy; 2. Leadership; 3. Processes, products and services; 4. Partnerships and resources; and 5. People.

71. While perceptions of relative strength in each area vary, there are strong indications that all are on the path of improvement. The paragraphs below summarize the perceived strengths and areas of improvement in each area, as suggested by the UNOPS global management team.

### *Strategy*

72. In terms of strategy, UNOPS managers consider the primary strengths to be the development and review of supporting policy; and communication and monitoring of implementation. However, there is a need to improve the way the needs of stakeholders are monitored and the effects the external environment has on the way UNOPS operates and maintains its internal capabilities.

### *Leadership*

73. The assessment indicated that the primary leadership strengths are engagement with external stakeholders and the development of the mission, vision and values of UNOPS. Results show that UNOPS managers can improve the use of organizational performance management systems and reinforce the culture of excellence. Organizational flexibility and change management need continuing attention.

### *Processes, products and services*

74. UNOPS managers feel that a primary strength is the design and management of processes to optimize stakeholder value, but there could be improvement in the development of products and services; and in the management of partner relations when these are delivered. They also believe UNOPS needs to focus on better approaches to the promotion of products and services.

### *Partnerships and resources*

75. The assessment indicates that UNOPS is good at managing information for decision-making, particularly through use of information and communications technology. However, managers feel that approaches to financial investment could be improved. They also believe that UNOPS needs to focus more on sustainable resource management and the management of supplier relationships.

### *People*

76. The assessment indicates that all aspects of people management show room for improvement. Rewards, recognition, care for personnel and internal communication are listed as the strongest aspects. Managers feel that the alignment of personnel performance plans with strategic goals, the development of knowledge and skills, and the involvement and empowerment of personnel warrant special attention.

### *Areas for action*

77. Overall, the assessment indicates good progress in the organizational maturity of UNOPS, and this is confirmed when the results are compared with external benchmarks. Further analysis of the extensive feedback volunteered by the UNOPS global management team suggests seven areas for action that warrant particular attention. These will inform the way UNOPS executes strategy, and provide focus to its efforts to drive organizational change. The seven areas are:

- (a) Focus on partner needs;
- (b) Build strength in our delivery practices: procurement, project management and infrastructure;
- (c) Manage our social responsibility;
- (d) Engage our leaders;
- (e) Drive organizational performance;
- (f) Empower our personnel; and
- (g) Continuously improve quality and speed.

<sup>5</sup>Annex IV. UNOPS organizational maturity, 2012 self-assessment

78. As a self-financing United Nations organization delivering contributions to partners around the world, the strength of the UNOPS governance framework is central to its organizational maturity. This will be treated separately, in chapter VI.

## **VI. Governance framework**

### **A. Governance arrangements and management coordination**

79. The governance arrangements of UNOPS have gradually evolved pursuant to decisions by the Executive Board. The process was initiated through decision 94/12. On 20 December 2010, the General Assembly adopted resolution 65/176, reaffirming relevant decisions of the UNDP/UNFPA/UNOPS Executive Board. This marked the completion of the process of establishing UNOPS as an independent organization on equal terms with partners in the United Nations system.

80. As evidenced by its annual reports, the role of the Strategy and Audit Advisory Committee,<sup>6</sup> to provide external and independent advice to the Executive Director, has been strengthened. The 2012 establishment of a dedicated audit advisory subcommittee is envisaged to enable the Committee to devote even more attention to strategic advice. The Policy Advisory Committee advises the Executive Director on matters of United Nations policy.

81. The formal management coordination and integration of UNOPS has been strengthened through the establishment of management groups who meet regularly to discuss upcoming challenges and opportunities. Furthermore, UNOPS has strengthened the cohesion of the global management team through its annual global management meetings.

### **B. Maturing policy framework and risk management systems**

82. As indicated in chapter V, the UNOPS policy framework and essential risk management systems have matured considerably over the past biennium. Those systems are founded in United Nations legislative decisions and further reinforced by relevant international standards and best practices. They regulate personnel behavior through a series of controls at various levels. The systems comprise six key components:

- (a) Adherence to United Nations policy;
- (b) Controlled documentation of policy, process, instructions and guidance;
- (c) Formal delegation of authority;
- (d) Internal process controls;
- (e) Personnel performance management; and
- (f) Corporate performance management.

83. In turn, the policy and risk management systems are supplemented by internal and external oversight, providing assurance of their efficiency and effectiveness to the Executive Board and the Executive Director.

84. A solid internal control framework is essential for the management of strategic and operational risks. In line with the phased and integrated approach laid out in its strategic risk management planning framework, UNOPS continually reviews its controls to ensure that they are commensurate with risk exposure. Through investments in information technology and leverage of the practice approach, UNOPS will drive further cross-functional integration of its business processes and tools to ensure that complexity of operational controls does not divert management attention from the execution of strategy.

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<sup>6</sup>Annex V. *Management advice and oversight*

## VII. Calibrating the UNOPS strategy for focused execution

### A. Sharpening focus on what and how UNOPS delivers

85. Clarification of the purpose and role of UNOPS in relation to partners in the United Nations system and beyond was a central ambition of the strategic plan. The articulation of the UNOPS strategic framework, comprising the long-term identity and overarching goals of the organization, together with subsequent Executive Board decisions and the reaffirmation of the UNOPS mandate by the General Assembly, have significantly clarified the role of UNOPS in the United Nations family. In spite of this, the findings of the midterm review indicate a need for a sharper focus and improved communication with regard to what and how UNOPS delivers.

#### *How the UNOPS focus was articulated in its strategic plan*

86. In its strategic plan UNOPS articulated its focus through the notion of four management practices and five implementation support practices, with the term ‘implementation support’ reflecting the implementation mandate of UNOPS. Management practices were defined as long-term fixtures of the organization that would remain in place for the duration of the strategic plan. These comprised: project management, finance, human resources and procurement. Implementation support practices were defined as thematic, sectoral or programmatic in nature. Implementation support practices are demand-driven and therefore subject to change over time. These comprised: physical infrastructure, public order and security, census and elections, environment, and health. The overlapping nature of the management and implementation services provided in these focus areas was illustrated through a four-by-five matrix. The strategic plan listed examples of the types of products and services associated with each area, which emphasized UNOPS focus on sustainability and national capacity development.<sup>7</sup>

87. To instruct implementation of these new features, the Executive Director promulgated an organizational directive describing UNOPS global structure (‘OD15’). The directive established clear lines of authority and accountability for managers of the various entities within the UNOPS global structure. Furthermore, it established the practice approach so as to facilitate linkages and alignment of policy, tools and people across functions, service areas and locations. The purpose of the implementation support practices was to enhance the added value of UNOPS to its partners; articulate services and standards; deepen strategic partnerships; and create resources for know-how and expertise. The primary purpose of the management practices was to enable efficient and effective provision of support and advice, and to ensure adequate internal controls.

#### *Organizational learning*

88. To ensure the continued relevance of the UNOPS business model, the strategic plan outlined a model for organizational learning. During the past biennium this has ensured focus on four connected and mutually reinforcing elements:

- (a) external recognition through the certification of core management functions, business process, and the personnel performing those functions;
- (b) transparent, accountable management services meeting the highest international standards;
- (c) a proven track record of contributions to the operational results of the United Nations in peacebuilding and humanitarian and development operations; and
- (d) knowledge in UNOPS focus areas systematically collected and shared.

89. With regard to the UNOPS knowledge base of products and services, improvements include: the establishment of procedures and systems to ease global connections among personnel developing new projects in response to requests from partners; and the establishment of a global repository for project documentation.

90. The findings of the midterm review indicate a need to devote further attention to the systematic collection and the sharing of specific product and services knowledge. This is reflected in the call from UNOPS partners and managers for better capturing lessons learned, to ensure that well-tested service approaches and concepts are made available to partners with similar needs.

91. In a rapidly globalizing world, effective contribution to development will depend on the ability to forge broad, complementary partnerships to create sustainable value. In the short term,

<sup>7</sup>Annex VII. *Examples of products and services, by delivery practices*

UNOPS will take steps towards focused innovation initiatives, together with its knowledge partners. In the longer term, the success of that strategic endeavor will require that formal contracting arrangements acknowledge the inherent reciprocity of partnerships, particularly the requirement for UNOPS to recover the cost associated with investment in such specialized products and services knowledge.

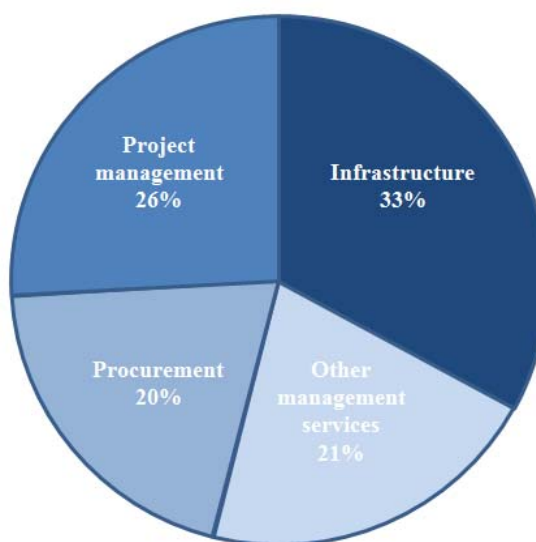
92. While UNOPS has achieved progress through incremental adjustment, this has not resolved the underlying issue of the somewhat complex articulation of its focus, represented by the matrix of overlapping focus areas. This may have contributed to misunderstanding among its partners of the UNOPS mandate – particularly in relation to what UNOPS delivers – including its approach to capacity-building and sustainable development.

*Review of the UNOPS global portfolio of projects and management services*

93. UNOPS continuously tracks its portfolio along the key dimensions reflected in the strategic plan: contribution goals, partners and implementation support practices. Detailed information is reported by project managers on outputs and the resources that went into producing them. That information is used strategically in positioning the organization and setting priorities for the future.

**Figure 8. UNOPS global portfolio, by area of delivery, in 2011**

94. As part of the midterm review, extensive analysis of this data was performed to better articulate what UNOPS delivered through its global portfolio. The review supports the feedback from UNOPS partners and managers on UNOPS delivery. Figure 8 illustrates how services related to procurement, project management and infrastructure: represent around 80 per cent of the UNOPS portfolio. The remaining 20 per cent pertained to other management services, which, in line with UNOPS mandate, were provided upon the request of our partners.<sup>8</sup>



95. The review of the UNOPS global portfolio also demonstrates that UNOPS delivers three types of services: transactional services, implementation services and advisory services. The notion of three distinct but complementary and mutually reinforcing types of service was introduced in the beginning of 2011, in an effort to explore how UNOPS could create greater value for partners by organizing itself better around those service types. The analysis shows that implementation and transactional services dominate the current service mix, while feedback from partners indicates a growing interest in advisory services.

96. Over recent years UNOPS has harnessed its capabilities in each of the three types of service through strategic change projects. Since 2009, implementation services have been strengthened through investments in the project management practice, culminating with the establishment of a practice group in 2012. A dedicated project was launched in 2011 to strengthen advisory services in procurement and infrastructure; and in 2012 a project was launched to assess potential demand and harness capabilities in transactional services.

<sup>8</sup>Other management services are mainly transactional in nature. In 2011, human resource-related services in the form of stand-alone fielding of experts and administrative support to the United Nations Development Group comprised the largest components of this delivery. Further outputs pertained to smaller ad hoc engagements for the provision of various common or shared services and administrative services to other partners, including practical support for trainings events (annex VI. *Review of UNOPS products and services*).



*Partner views on what UNOPS delivers*

97. The conclusion of the portfolio review – that the primary areas of UNOPS delivery can be categorized as procurement, project management and infrastructure – was supported by the feedback from UNOPS partners.

98. Through their feedback UNOPS partners indicated appreciation of the added value UNOPS delivers to them individually, but many partners were uncertain about the breadth of UNOPS service offerings. Overall, project management was the service that most partners were aware of. The feedback further indicated that infrastructure was widely known and in demand among UNOPS partners. Government partners in particular expressed an interest in advisory services, particularly in relation to national capacity development in procurement and infrastructure. The most widely known of UNOPS transactional services were procurement and human resources services.

99. Feedback from UNOPS managers<sup>9</sup> corroborated the view of UNOPS partners. Challenges raised by UNOPS managers included overlap among focus areas and the need to better integrate them into the organization. Managers highlighted the importance of procurement and infrastructure, including capacity building through advisory services in these areas. They further highlighted the importance of maintaining UNOPS capabilities in project management; and emphasized environment as a key aspect of sustainable development. In general, comments indicated that a clearer articulation of the specialized service lines and added value within each focus area would be useful. Furthermore, business development and more effective partnering were highlighted as areas in need of strengthening, together with a stronger focus on the enabling role of finance and human resources.

100. In conclusion, the analysis confirms the need for a clearer articulation of the primary focus of UNOPS. Procurement, project management and infrastructure together represent around 80 per cent of what the organization delivers. Those are also the areas for which UNOPS is most recognized amongst partners and considered to be of highest strategic priority by its managers, while the three areas of services are at the core of UNOPS mandate.

*Sustainability*

101. In the strategic plan the commitment of UNOPS to sustainable delivery is reflected in its values and cross-cutting concerns. The resolve of this focus is evidenced by the number of projects over the past biennium that included aspects of the cross-cutting concerns.

102. The importance of sustainable delivery is recognized by UNOPS partners and managers. In the 2012 survey, partners highlighted that UNOPS added value through focusing on national and local capacity-building in procurement and infrastructure. In the 2012 self-assessment of organizational maturity, a focus on sustainable development was a recurrent theme in managers' feedback.

103. Against that background, UNOPS will seek to incorporate sustainability objectives into all its services. In 2012, UNOPS developed a policy on sustainable infrastructure reflecting the social and environmental considerations of investments in infrastructure. The ongoing pursuit of certification against the 'ISO 14001' standard in environmental management is expected to give further momentum to the implementation of the policy. Throughout the remainder of the current biennium, and further guided by the forthcoming quadrennial comprehensive policy review, UNOPS will enhance its approaches and management systems to reinforce deliberate consideration of sustainability. UNOPS will explore the possibility of partnerships and adoption of other recognized best practices for incorporation of the concept of sustainability in its operations.

104. Sustainability is at the heart of the drive for quality in UNOPS. Although its cross-cutting concerns already reflect key aspects of sustainability, over the remainder of the biennium UNOPS will prepare for replacing those concerns with a set of sustainability goals, reflecting the economic, social and environmental imperatives of sustainable development as well as the commitment of the organization to national capacity development.

*Clear identity and focus on core mandate*

105. The midterm review has confirmed the continued relevance of the UNOPS mission, vision and values – its long-term identity as articulated in its strategic plan. The review has concluded

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<sup>9</sup> Annex VI. *Review of UNOPS products and services*

that UNOPS can better focus its efforts by organizing around procurement, project management and infrastructure as its primary areas of specialization.

106. UNOPS recognizes its special responsibility as a member of the United Nations family to consider the sustainability of its contributions to the results of its partners. To ensure a clear expression of that intent, UNOPS proposes to include ‘sustainable’ in the description of its primary areas of focus, namely:

- (a) Sustainable procurement;
- (b) Sustainable project management; and
- (c) Sustainable infrastructure.

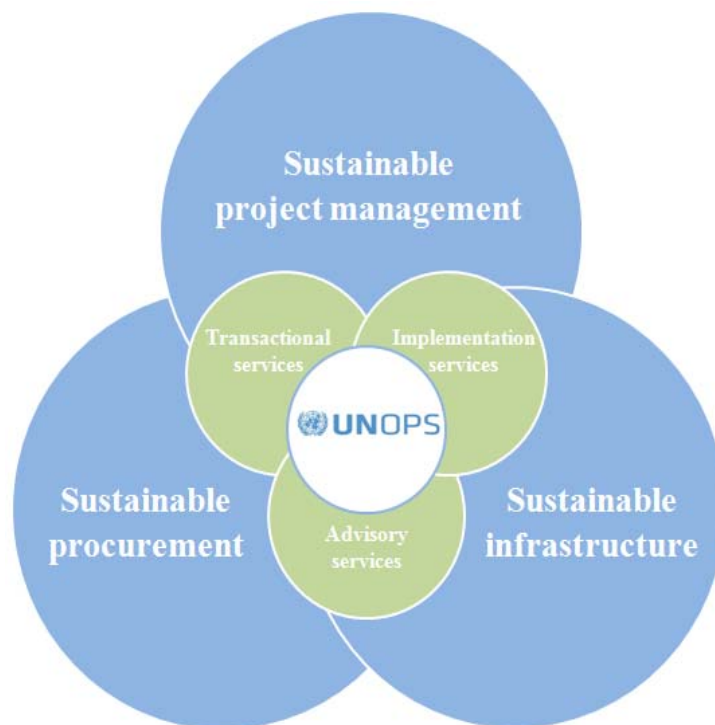
107. The focus of those three delivery practices would replace the current notion of focus areas articulated in the strategic plan. This adjustment does not signify a departure from the path laid down in the strategic plan but is merely a next step in the journey, to ensure the effective execution of UNOPS strategy. It will be important to clearly articulate specialized service lines within each of the three areas based on demand by partners.

108. The development of specialized service lines within the three delivery practices will rely on the establishment of vibrant sub-practices linking and engaging practitioners from all parts of the organization. UNOPS will build upon the range of potential products and services provided in its strategic plan;<sup>10</sup> as well as areas emphasized in the ‘Rio+20’ outcome document.

109. Three types of services denote how UNOPS delivers: transactional services, implementation services, and advisory services. While UNOPS has already launched strategic change projects in these areas, and made considerable progress in the area of implementation services, there is still a need to optimize their core value-chains. This will ensure that the organization remains responsive to evolving partner requirements, including for capacity development.

110. The ‘sustainable flower’ in figure 9 summarizes the refined UNOPS strategy. It illustrates the complementary and mutually reinforcing nature of the three delivery practices (outer circles) and the three types of service (inner circles), with the identity of UNOPS – its mission, vision and values - at the core.

**Figure 9. UNOPS: quality and speed for sustainable results**



111. The calibration of the focus of UNOPS should expand external recognition of the core areas of the value added by the organization, at the same time providing internal clarity with respect to its main priorities.

<sup>10</sup> Annex VII. *Examples of products and services, by delivery practices*

## **B. Ensuring relevance and contributions to partners' results**

112. In early July 2012, 75 managers representing UNOPS offices at country, regional and headquarters levels gathered to finalize the midterm review of the strategic plan, 2010-2013, for submission to the Executive Board, and to develop an action plan to focus the execution of the strategy for the remainder of the biennium.

113. The plan reflects six strategic change projects – ‘must-wins’ – incorporating a series of specific initiatives. Over the coming months, UNOPS will rally efforts to drive implementation of the ‘must-wins’, which are:

- (a) Leadership in sustainable infrastructure
- (b) Leadership in procurement, advancing sustainable practices
- (c) Traction in business development
- (d) Leveraged resources and presences
- (e) Optimized internal processes
- (f) Engaged, empowered and high-performing people

114. Due to their nature, and the need to prioritize investments within available resources during the present biennium, it is expected that some of these initiatives will be completed in the next biennium.

115. The findings of the midterm review and the pursuant calibration of the strategic plan point towards future priorities for the organization. Over the next year preparations for the strategic plan, 2014-2017, will include extensive consultation with stakeholders and close examination of performance against evolving global priorities and the recommendations of the quadrennial comprehensive policy review. This should result in a strategic plan that ensures the relevance of UNOPS for many years to come, contributing quality and speed towards sustainable results for its partners.

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